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SUBJECT: NORTHERN NOTES JANUARY 2008

REF: 07 THESSALONIKI 0329

Following is a summary of recent political and economic developments in northern Greece:

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THESSALONIKI PORT PRIVATIZATION  
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¶1. Things heated up in January with regard to the long-discussed privatization of the cargo facility at the Port of Thessaloniki. In early January, Minister of Merchant Marine George Voulgarakas provided a detailed description of the plans for the port's privatization and stressed the significant investment and the physical improvements that the successful bidder would bring to the port. Voulgarakas was careful not to describe the plan as a "privatization" but rather as a "concession" of the container facility for a period of time. Local PASOK MPs disagreed with his characterization and met with port executive director Yiannis Tsaras a few days later to express their opposition to the port's privatization. On January 15, 500 workers gathered outside the main gate of the port, protesting the plans for privatization. Police used teargas to disperse the group and there were no arrests. The next day, the tender offer was approved by the Thessaloniki Port Authority board and Thessaloniki Mayor Vassilis Papageorgopoulos endorsed the plan, referring to it as a "leasing" of the container facility. Port workers remained unconvinced of the benefits of the plan and conducted two one-day strikes at the end of the month, effectively shutting down the facility. The port is operating with about a three day delay in unloading/loading of cargo.

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DRAFT LAW ON THE WAKFS FACES RESISTANCE FROM BOTH SIDES  
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¶2. The draft law introduced in early December (Reftel) relating to the Muslim minority and specifically to Wakfs (Muslim charitable foundations) continued to encounter stiff criticism from both Muslim leaders and Orthodox Christian groups in January. 6,228 Christian citizens of Thrace signed a petition against the draft law which they sent to Prime Minister Karamanlis and the Ministers of Foreign Affairs, Finance and Interior. The specific objections of the petitioners related to the diminished role of the legal (appointed) muftis and also to the provision for a .5% quota for Muslim employees in the public sector. Christian PASOK MP Stavros Keletsis, elected from Evros, also voiced objections to the .5% quota, arguing that the provision is unconstitutional and would lead to similar requests by other civil servants.

¶3. Muslim leaders in Thrace continued to voice concerns about the proposed law as well. Muslim PASOK MP Cetin Mantatzi from Xanthi, in an interview with Komotini daily Chronos, objected to

the fact that the minority was not consulted in the development of the draft law. He also criticized provisions of the proposed law that he says remove administration of the wakfs from the local communities and their mosques and place it in the hands of regional or municipal committees. Mantatzi noted that while he feels the .5% quota is a positive step, the law should include an additional provision that would permit Muslims hired under the law to serve for at least their first five years in Eastern Macedonia and Thrace.

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MINISTRY OF MACEDONIA AND THRACE CHAMPIONS INNOVATION ZONE  
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¶4. The Ministry of Macedonia and Thrace took the lead in January in moving forward with plans for the Zone of Innovation in northern Greece. The Ministry completed a proposal for significant incentives for potential corporate investors in the Thessaloniki Zone of Innovation, which reportedly include generous subsidies and a tax exemption for up to ten years. On January 30, Minister of Macedonia and Thrace Margaritis Tzimas attended a meeting of the Federation of Industries of Northern Greece and his remarks focused on plans for the Zone. Tzimas confirmed that his Ministry had forwarded to Athens a draft law proposal regarding incentives and he said that he hoped that the proposal would become law before the end of the year. He also said that his ministry was engaged in negotiations with the Ministry of Defense to acquire half of the property at Sedes Air Force base in Thermi, outside of Thessaloniki, where the Zone might be located. The management of the Innovation Zone continues to work on its strategic plan which is now expected to be finished in May 2008.

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HELLENIC VEHICLE INDUSTRY (ELVO) STALLS  
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¶5. ELVO, the Hellenic Vehicle Industry, is fighting for survival. Forecasts for 2008 project operating income of 25 million Euros and ongoing operating expenses of 36 million Euros. The only production contract that the company currently has is for production of Leopard II tanks. Workers at ELVO want the Government of Greece to award the company a new contract for the manufacture and alteration of utility vehicles for the Greek army and they also hope that ELVO could play a part in the manufacture of 420 Toma armored vehicles which are part of an equipment acquisition deal recently announced between Russia and Greece. To emphasize their position, ELVO workers protested outside a Federation of Industries of Northern Greece speech given on January 31 by Finance Minister Alogoskoufis.

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GREEK SUGAR INDUSTRY WOES CONTINUE  
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¶6. Workers from Sugar Industry plants in Greece held a two-day meeting in Xanthi in early January to discuss plans for conversion of the plants to bio-ethanol production, plans that are currently stalled. The original schedule called for the plants to be converted to bio-ethanol production almost a year ago, but the process for seeking investors is at a standstill, despite the fact that in late December, the Minister of Development asked that the bidding process be expedited. To compound the problem, Greek sugar beet producers have reduced production so there is now inadequate raw material available. At mid-month, Chronos newspaper in Komotini reported that the Greek Sugar Industry was considering assigning Bulgarian farmers to produce sugar beets to fill the gap. Bulgarian farmers are said to be eager to do that.

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ILLEGAL IMMIGRANTS  
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¶7. Law enforcement officials continue to focus on illegal immigration problems in northern Greece. In mid-January, Thessaloniki daily Makedonia reported that police statistics showed a 62% increase in illegal immigration incidents in Evros (on the Turkish border) in 2007 compared with 2006 (327 vs. 202 separate incidents.) Illegal immigrants are reportedly paying a high price to enter Greece. In late January, three illegal immigrants entering Greece from Turkey with the help of a Turkish smuggler told police that they had paid \$20,000 each for transport from Turkey to Athens and four illegal immigrants arrested on the road to Komotini in Thrace reported that they had each paid \$3,500 to a Greek tour bus driver to transport them. Also in Evros, doctors at the University Hospital of Alexandroupolis said they were treating eight people for tuberculosis. Six of them were illegal immigrants and a seventh was a border patrol officer a fact which raised concerns about health conditions at immigrant detention centers in Evros where the facilities are severely overcrowded because of the large increase in illegal immigration activity.

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NARCOTICS  
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¶8. Local press reports that cheap cocaine, significantly "cut" and selling at half the street price prevailing in Athens, is selling well in northern Greece and is being used by increasingly younger teens, as evidenced by the recent death of 14 year old girl in Ptolemaidha. Significant drug arrests in northern Greece during January included the following:

-- Three foreign nationals were arrested after a police operation in a neighborhood in Stavroupolis (municipality west of Thessaloniki.) The police confiscated 3.706 grams of heroine, 10.3 grams of cocaine, an electronic scale, a loaded handgun, three mobile phones, and 690 in cash.

-- In the area of Korino in Pieria, police arrested four foreign nationals for possessing 725 grams of heroine and 36.5 grams of hashish.

-- After a routine control check in the area of Menemeni (municipality west of Thessaloniki,) police arrested a 37-year old foreign national truck driver, for possession of 625 grams of heroine, a scale and a mobile phone.

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